INLAND REVENUE AUTHORITY OF SINGAPORE

FINANCIAL STATEMENTS FOR THE

FINANCIAL YEAR ENDED 31 MARCH 2020

INLAND REVENUE AUTHORITY OF SINGAPORE
STATEMENT BY THE MEMBERS OF THE BOARD
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

In our opinion, the financial statements of the Inland Revenue Authority of Singapore (the Authority) as set out on pages 1 to 37 are drawn up in accordance with the provisions of the Inland Revenue Authority of Singapore Act (Cap. 138A, 2012 Revised Edition), the Public Sector (Governance) Act 2018 (Act 5 of 2018) and the Statutory Board Financial Reporting Standards so as to present fairly, in all material respects, the state of affairs of the Authority as at 31 March 2020, and the results, changes in equity and cash flows of the Authority for the financial year ended on that date.

On behalf of the Board

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TAN CHING YEE CHAIRMAN SINGAPORE	NG WAI CHOONG COMMISSIONER OF INLAND REVENUE / CHIEF EXECUTIVE OFFICER SINGAPORE

24 July 2020

INDEPENDENT AUDITOR'S REPORT
ON THE AUDIT OF THE FINANCIAL STATEMENTS OF
THE INLAND REVENUE AUTHORITY OF SINGAPORE
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

Report on the Audit of the Financial Statements

Opinion

The financial statements of the Inland Revenue Authority of Singapore (the Authority), set out on pages 1 to 37, have been audited under my direction. These financial statements comprise the statement of financial position as at 31 March 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Public Sector (Governance) Act 2018 (Act 5 of 2018) (the PSG Act), the Inland Revenue Authority of Singapore Act (Cap. 138A, 2012 Revised Edition) (the IRAS Act) and Statutory Board Financial Reporting Standards so as to present fairly, in all material respects, the state of affairs of the Authority as at 31 March 2020 and the results, changes in equity and cash flows of the Authority for the financial year ended on that date.

Basis for Opinion

The audit was conducted in accordance with Singapore Standards on Auditing (SSAs). The responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of this report. As the Auditor-General, I am independent of the Authority and I exercise my duties and powers in accordance with the Constitution of the Republic of Singapore (1999 Revised Edition) and the Audit Act (Cap. 17, 1999 Revised Edition). Ethical requirements that are relevant to the audit and in line with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) have been fulfilled. I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinion.

Other Information

The management is responsible for the other information. The other information obtained at the date of this auditor's report is the Statement by the Members of the Board but does not include the financial statements and my auditor's report thereon.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with the audit of the financial statements, the auditor's responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or the knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work performed on the other information obtained prior to the date of this auditor's report, there is a material misstatement of this other information, that fact will be reported. I have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The management is responsible for the preparation and fair presentation of the financial statements in accordance with the provisions of the PSG Act, the IRAS Act and Statutory Board Financial Reporting Standards, and for such internal controls as management determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Authority is constituted based on the IRAS Act and its dissolution requires Parliament's approval. In preparing the financial statements, management is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is intention to wind up the Authority or for the Authority to cease operations.

Those charged with governance are responsible for overseeing the Authority's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, professional judgement is exercised and professional scepticism is maintained throughout the audit. An audit also includes:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtaining an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal controls.

- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Concluding on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If I conclude that a material uncertainty exists, I will draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, modify my opinion. My conclusion is based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Authority to cease to continue as a going concern.

- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls identified during the audit are communicated to those charged with governance.

Report on Other Legal and Regulatory Requirements

Opinion

In my opinion:

(a) the receipts, expenditure, investment of moneys and the acquisition and disposal of assets by the Authority during the financial year are, in all material respects, in accordance with the provisions of the PSG Act, the IRAS Act and the requirements of any other written law applicable to moneys of or managed by the Authority; and

(b) proper accounting and other records have been kept, including records of all assets of the Authority whether purchased, donated or otherwise.

Basis for Opinion

The audit was conducted in accordance with SSAs. The responsibilities under those standards are further described in the Auditor's Responsibilities for the Compliance Audit section of this report. As the Auditor-General, I am independent of the Authority and I exercise my duties and powers in accordance with the Constitution of the Republic of Singapore and the Audit Act. Ethical requirements that are relevant to the audit and in line with the ACRA Code have been fulfilled. I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinion on management's compliance.

Responsibilities of Management for Compliance with Legal and Regulatory Requirements

The management is responsible for ensuring that the receipts, expenditure, investment of moneys and the acquisition and disposal of assets, are in accordance with the provisions of the PSG Act, the IRAS Act and the requirements of any other written law applicable to moneys of or managed by the Authority. This responsibility includes monitoring related compliance requirements relevant to the Authority, and implementing internal controls as management determines are necessary to enable compliance with the requirements.

Auditor's Responsibilities for the Compliance Audit

My responsibility is to express an opinion on management's compliance based on the audit of the financial statements. The compliance audit was planned and performed to obtain reasonable assurance about whether the receipts, expenditure, investment of moneys and the acquisition and disposal of assets, are in accordance with the provisions of the PSG Act, the IRAS Act and the requirements of any other written law applicable to moneys of or managed by the Authority.

A compliance audit includes obtaining an understanding of the internal controls relevant to the receipts, expenditure, investment of moneys and the acquisition and disposal of assets; and assessing the risks of material misstatement of the financial statements from non-compliance, if any, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal controls. Because of the inherent limitations in any internal control system, non-compliances may nevertheless occur and not be detected.

gohsoon poh

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GOH SOON POH
AUDITOR-GENERAL
SINGAPORE
24 July 2020

INLAND REVENUE AUTHORITY OF SINGAPORE
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2020

	Note	FY2019/20 S$'000	FY2018/19 S$'000
Share capital	3	7,823	7,823
Accumulated surplus		781,370	718,717
		789,193	**726,540**
Represented by:			
Non-current assets			
Property, plant and equipment	4	325,483	207,534
Intangible assets	5	19,549	20,889
Development projects-in-progress	6	9,924	11,210
Prepayments		438	953
Other non-current asset	7	5	9
		355,399	240,595
Current assets			
Funds with fund managers	8	467,712	401,696
Trade and other receivables	9	88,738	37,420
Prepayments		6,146	6,346
Cash and cash equivalents	10	124,184	167,497
		686,780	612,959
Less:			
Current liabilities			
Trade and other payables	11	87,567	77,068
Lease liabilities	12	38,851	-
Advances and deposits		782	2,133
Deferred income	13	1,257	417
Contribution payable to Government Consolidated Fund	14	16,227	13,351
Provision for unutilised leave	15	11,940	11,285
Provision for pension and gratuities	16	1,053	1,463
		157,677	105,717
Net current assets		529,103	507,242
Less:			
Non-current liabilities			
Lease liabilities	12	75,059	-
Deferred income	13	2,093	2,514
Provision for pension and gratuities	16	18,157	18,783
		789,193	**726,540**

The accompanying notes form an integral part of the financial statements.

INLAND REVENUE AUTHORITY OF SINGAPORE
STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

	Note	FY2019/20 S$'000	FY2018/19 S$'000
Operating income			
Agency fee		469,054	450,974
Other income		40,681	41,250
	17	509,735	492,224
Less:			
Operating expenditure			
Manpower	18	256,037	258,719
Service and lease expenses	12, 19	63,248	99,449
Depreciation and amortisation	4, 5, 7	61,018	22,585
Maintenance of building and equipment		17,176	18,197
Staff welfare and training		7,711	8,178
Utilities and communication		6,215	6,626
Property tax	20	4,239	4,240
Interest expenses on lease liabilities	12	4,025	-
Office and other supplies		2,053	1,956
Public relations and events		611	1,125
General expenses		722	875
		423,055	421,950
Operating surplus		**86,680**	**70,274**
Net investment income	21	**8,771**	**8,264**
Other comprehensive loss			
Item that will not be reclassified to Operating surplus			
Actuarial loss	16	(1,312)	(667)
Surplus for the financial year before contribution to Government Consolidated Fund		**94,139**	**77,871**
Less:			
Contribution to Government Consolidated Fund	14	16,227	13,351
Net surplus for the financial year, representing total comprehensive income for the financial year		**77,912**	**64,520**

The accompanying notes form an integral part of the financial statements.

INLAND REVENUE AUTHORITY OF SINGAPORE
STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

	Note	Share Capital S$'000	Accumulated Surplus S$'000	Total S$'000
Balance as at 1 April 2018		7,823	654,980	662,803
Total comprehensive income for the financial year		-	64,520	64,520
Dividends	22	-	(783)	(783)
Balance as at 31 March 2019		7,823	718,717	726,540
Total comprehensive income for the financial year		-	77,912	77,912
Dividends	22	-	(15,259)	(15,259)
Balance as at 31 March 2020		**7,823**	**781,370**	**789,193**

The accompanying notes form an integral part of the financial statements.

INLAND REVENUE AUTHORITY OF SINGAPORE
STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

	Note	FY2019/20 S$'000	FY2018/19 S$'000
Cash flows from operating activities			
Agency fee and other income received		458,156	489,495
Cash paid to employees and suppliers		(353,965)	(399,636)
Contribution to Government Consolidated Fund		(13,351)	(10,795)
Net cash from operating activities		90,840	79,064
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		27	-
Interest income received		2,662	1,896
Investment rebate received		3	-
Withdrawal of funds placed with fund managers	8	-	131,260
Funds placed with fund managers	8	(60,000)	(130,000)
Payment for purchase of property, plant and equipment and intangible assets		(351)	(3,874)
Expenditure on development projects		(27,061)	(15,980)
Net cash used in investing activities		(84,720)	(16,698)
Cash flows from financing activities			
Dividends paid	22	(15,259)	(783)
Government grant received		9	402
Repayment of lease liabilities	12	(30,505)	-
Interest paid	12	(3,678)	-
Net cash used in financing activities		(49,433)	(381)
Net (decrease)/ increase in cash and cash equivalents		(43,313)	61,985
Cash and cash equivalents as at beginning of the financial year		167,497	105,512
Cash and cash equivalents as at end of the financial year	10	124,184	167,497

The accompanying notes form an integral part of the financial statements.

INLAND REVENUE AUTHORITY OF SINGAPORE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1 GENERAL ACTIVITIES

The Inland Revenue Authority of Singapore (the Authority) was established under the Inland Revenue Authority of Singapore Act (Cap. 138A, 2012 Revised Edition) and is under the purview of the Ministry of Finance.

The Authority acts as the agent of the Government of the Republic of Singapore (the Government) in administering, assessing, collecting and enforcing payment of income tax, property tax, goods and services tax, estate duty, stamp duty, betting and sweepstake duties, private lotteries duty, casino tax and such other taxes as may be agreed between the Government and the Authority.

Pursuant to these principal activities, the Authority will advise the Government on the formulation of tax policies and represent Singapore internationally in respect of matters relating to taxation.

As a statutory board, the Authority is subject to the directions of the Ministry of Finance and is required to comply with policies and instructions issued from time to time by the Ministry of Finance and other government agencies.

The registered office and principal place of operation of the Authority is located at 55 Newton Road, Revenue House, Singapore 307987.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements of the Authority have been prepared in accordance with the provisions of the Inland Revenue Authority of Singapore Act (Cap. 138A, 2012 Revised Edition), the Public Sector (Governance) Act 2018 (Act 5 of 2018) and the Statutory Board Financial Reporting Standards (SB-FRS).

(a) Functional currency and presentation

The financial statements are presented in Singapore dollars (S$), which is also the Authority's functional currency. All financial information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated.

(b) Basis of measurement

The financial statements are prepared on the historical cost basis except for certain financial assets and liabilities as disclosed in the accounting policies below.

(c) Use of estimates and judgements

The preparation of the financial statements in conformity with SB-FRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenditure. These are based on management's best knowledge of current events and relevant factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Critical Accounting Estimate

The management's use of estimates and assumptions are integral to the valuation of property, plant and equipment and intangible assets, and the provision for pension and gratuities. The useful life and impairment of property, plant and equipment and intangible assets are reviewed on an annual basis as described in Notes 2.2, 2.3 and 2.6 to the financial statements. Details of the underlying assumptions that are made by management for the provision for pension and gratuities are as set out in Note 16 to the financial statements.

(d) Changes in accounting policies

On 1 April 2019, the Authority adopted the following new SB-FRS mandatory for application for the financial year:
- SB-FRS 116: *Leases*
- SB-FRS 1002: *Impairment of Non-Cash-Generating Assets*

The application of these new SB-FRS resulted in the following changes to the Authority's accounting policies.

SB-FRS 116: *Leases*

The Authority applied SB-FRS 116 using the modified retrospective approach with the date of initial application of 1 April 2019. Accordingly, the comparative information presented for FY2018/19 is not restated. The disclosure requirements in SB-FRS 116 have also not been applied to comparative information. The details of the changes in accounting policies are disclosed below.

(i) Definition of a lease

Previously, the Authority determined at contract inception whether an arrangement was or contained a lease under SB-FRS 17 *Leases* and INT SB-FRS 104 *Determining whether an Arrangement contains a Lease*. The Authority now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in SB-FRS 116.

On transition to SB-FRS 116, the Authority elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Authority applied SB-FRS 116 only to contracts that were previously identified as leases. Contracts that were not identified as leases under SB-FRS 17 and INT SB-FRS 104 were not reassessed for whether there is a lease under SB-FRS 116. Therefore, the definition of a lease under SB-FRS 116 was applied only to contracts entered into or modified on or after 1 April 2019.

(ii) As a lessor

As a lessor, the Authority leases out part of its office building. The Authority has identified these leases as operating leases. The Authority is not required to make any adjustments on transition to SB-FRS 116 for leases in which it acts as a lessor.

(iii) As a lessee

As a lessee, the Authority leases assets which include data centre facilities and computers. The Authority previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Authority. Under SB-FRS 116, the Authority recognises right-of-use assets and lease liabilities for most of these leases.

Leases classified as operating leases under SB-FRS 17 Leases

Previously, the Authority classified data centre facilities leases as operating leases under SB-FRS 17. On adoption of SB-FRS 116, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Authority's incremental borrowing rates as at 1 April 2019. Right-of-use assets were measured at an amount equal to the lease liability.

The Authority has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

The Authority used the following practical expedients when applying SB-FRS 116 to leases previously classified as operating leases under SB-FRS 17:
- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognise right-of-use assets and liabilities for leases of low-value assets (e.g. computers);
- used a single discount rate to a portfolio of leases with reasonably similar characteristics;

- excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

The Authority's accounting policies relating to leases are set out in Note 2.13 to the financial statements.

Impact on transition

On adoption of SB-FRS 116, the Authority recognised right-of-use assets and lease liabilities as at 1 April 2019. The impact on transition is summarised below.

	As at 1 April 2019 S$'000
Right-of-use assets – property, plant and equipment	139,834
Lease liabilities	139,834

When measuring lease liabilities that were classified as operating leases, the Authority discounted lease payments using the applicable incremental borrowing rate of 3.2% at 1 April 2019.

	As at 1 April 2019 S$'000
Operating lease commitments at 31 March 2019 as disclosed under SB-FRS 17 in the Authority's financial statements	152,391
Discounted using the incremental borrowing rate at 1 April 2019	142,902
Less:	
- Recognition exemption for leases of low-value assets	(3,063)
- Recognition exemption for leases with less than 12 months of lease term at transition	(5)
Lease liabilities recognised at 1 April 2019	139,834

SB-FRS 1002: *Impairment of Non-Cash-Generating Assets*

SB-FRS 1002 introduces a definition for non-cash-generating assets and requires the Authority to determine whether a non-cash-generating asset is impaired and to ensure that impairment losses are recognised.

The adoption of SB-FRS 1002 has no impact on the Authority's financial statements for the current financial year.

The Authority's accounting policies relating to impairment of non-cash-generating assets are set out in Note 2.6 to the financial statements.

2.2 Property, Plant and Equipment

(a) Measurement

Property, plant and equipment acquired by the Authority are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items.

(b) Depreciation

Depreciation is calculated on a straight-line basis from the date the property, plant and equipment are ready for use to write off the cost of the property, plant and equipment, less residual value, over their estimated useful lives as follows:

	Estimated Useful Lives
Leasehold Land	97 years
Building	50 years
Building Systems & Improvements	4 to 20 years
Computer Hardware	2 to 5 years
Office Equipment	5 years
Furniture & Fittings	5 years
Motor Vehicles	7 years

Property, plant and equipment costing less than S$2,000 are charged to the Statement of Comprehensive Income in the year of purchase.

The residual value, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and that the expected pattern of consumption of the future economic benefits are embodied in the items of property, plant and equipment.

(c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, will flow to the Authority and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense when incurred.

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to the Statement of Comprehensive Income.

2.3 Intangible Assets

Intangible assets consist of computer software and software development costs for various computer applications. They are capitalised on the basis of the costs incurred to acquire or develop and bring to use the software. Direct expenditure, which enhances or extends the performance of computer software beyond its specifications and which can be reliably measured, is recognised as a capital improvement and added to the original cost of the software. Cost associated with maintaining computer software is recognised as an expense when incurred. On disposal of an item of intangible assets, the difference between the net disposal proceeds and its carrying amount is taken to the Statement of Comprehensive Income.

Intangible assets are stated at cost less accumulated amortisation and impairment losses. These costs are amortised using the straight-line method from the date the intangible assets are ready for use over their estimated useful lives of 2 to 8 years. Computer software and development costs costing less than S$2,000 are charged to the Statement of Comprehensive Income in the year of purchase.

The amortisation period and the amortisation method are reviewed at each financial year-end to ensure that the amount, method and period of amortisation are consistent with previous estimates and that the expected pattern of consumption of the future economic benefits are embodied in the items of the intangible assets.

2.4 Development Projects-in-progress

Development projects-in-progress relate mainly to Infocomm Technology projects, carried out by the Authority during the financial year. The cost of development projects-in-progress includes the cost of materials, direct labour and any other costs directly attributable to bringing the assets to a working condition for their intended use. No depreciation or amortisation is calculated for development projects-in-progress until they are ready for use and transferred to property, plant and equipment or intangible assets.

2.5 Other Non-current Asset

Other non-current asset relates to club membership, which is being held on a long-term basis, and previously stated at cost less accumulated impairment losses. The Authority has decided not to renew the membership when it expires on 31 December 2021 and has adopted the approach to depreciate the net carrying amount of the club membership as at 1 April 2017 on a straight-line basis over the remaining tenure.

2.6 Impairment of Non-financial Assets

Property, plant and equipment, intangible assets, development projects-in-progress and other non-current asset are reviewed for impairment at each financial year-end or whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

For the purposes of impairment, an asset can either be identified as a cash-generating asset or a non-cash-generating asset. Cash-generating assets are assets held with the primary objective of generating cash inflows while non-cash-generating assets are assets other than cash-generating assets. Where it is unclear whether the primary objective of holding an asset is to generate cash inflows, the Authority will determine if the non-cash-generating component is an insignificant component of the asset as a whole. If it is determined to be insignificant or the non-cash-generating component cannot be distinguished from the cash-generating component, the asset will be identified as a cash-generating asset. The Authority does not have any non-financial assets that are identified as non-cash-generating assets.

An asset's recoverable amount is the higher of the asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use. The recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows on its own. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. In assessing value in use for cash-generating assets, the estimated future cash flows expected to be generated by the asset are discounted to their present value. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. The difference between the carrying amount and the recoverable amount is recognised as an impairment loss in the Statement of Comprehensive Income.

Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset no longer exist or have decreased. A previously recognised impairment loss is reversed only if there has been a change in estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated depreciation or amortisation) had no impairment loss been recognised for the asset in prior years. The reversal is recognised in the Statement of Comprehensive Income.

2.7 Financial Assets

(a) Classification

The Authority classifies its financial assets in the following categories: amortised cost and fair value through profit or loss. The classification depends on the contractual cash flow characteristics of the financial assets and the business model under which they are held. Management determines the classification of its financial assets at initial recognition and re-evaluates this classification when there is a change in business model under which they are held.

(i) Amortised cost

This category comprises non-equity financial assets that meet both of the following conditions:
- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

They arise when the Authority provides money, goods or services directly to a debtor with no intention of trading the financial asset. Financial assets in this category are presented as current assets if they are due within 12 months after the financial year-end. For those that are due more than 12 months after the financial year-end, they are classified as non-current assets.

The Authority's trade and other receivables and cash and cash equivalents are classified as financial assets at amortised cost.

(ii) Fair value through profit or loss

This category comprises financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset shall be measured at fair value through profit or loss unless it is measured at amortised cost. On initial recognition, financial assets may be designated at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. Assets in this category are presented as current assets if they are either held for trading or are expected to be realised within 12 months after the financial year-end.

The Authority's investments in funds with fund managers are classified as financial assets at fair value through profit or loss.

(b) Recognition and derecognition

Purchases and sales of financial assets are recognised on trade-date – the date on which the Authority commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Authority has transferred substantially all risks and rewards of ownership. On derecognition of financial assets measured at amortised cost and fair value through profit or loss, the difference between the carrying amount and the sum of the consideration received is recognised in profit or loss.

(c) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value.

(d) Subsequent measurement

Financial assets measured at fair value through profit or loss are subsequently carried at fair value. Financial assets measured at amortised cost are carried at amortised cost using the effective interest method.

Any resultant gains or losses arising from changes in the fair value of the financial assets measured at fair value through profit or loss are included in net investment income/(loss) in the Statement of Comprehensive Income in the period in which they arise. Interest earned on financial assets measured at fair value through profit or loss is also included in net investment income/(loss).

(e) Impairment

The Authority applies the simplified approach and recognises a loss allowance for expected credit losses on financial assets, excluding financial assets measured at fair value through profit or loss. The Authority measures the loss allowance for these financial assets at an amount equal to the lifetime expected credit losses. Lifetime expected credit losses are estimated based on the Authority's credit loss experience, adjusted for factors that are specific to the debtors and general economic conditions, taking into consideration both the current and the forecast direction of conditions. The amount of the allowance is recognised in the Statement of Comprehensive Income.

2.8 Cash and Cash Equivalents

Cash and cash equivalents comprise deposits with the Accountant-General's Department that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

2.9 Trade and Other Payables

Trade and other payables including accruals are initially measured at fair value and subsequently measured at amortised cost using the effective interest method. A payable is derecognised when the obligation is discharged or cancelled or expired. The difference between the carrying amount of a payable (or part of a payable) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

2.10 Provisions

Provisions are recognised when the Authority has a present obligation (legal or constructive) as a result of a past event where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are reviewed at each financial year-end and adjusted to reflect the current best estimate, taking into consideration the time value of money. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

2.11 Income Recognition

Revenue is recognised when the Authority satisfies a performance obligation by transferring control of a promised good or service to the customer. The amount of revenue recognised is the amount of the transaction price allocated to satisfy the performance obligation. Revenue may be recognised at a point in time or over time following the timing of satisfaction of the performance obligation.

(a) Agency fee from tax administration

The Authority acts as the agent of the Government in the administration of income tax, property tax, goods and services tax, estate duty, stamp duty, betting and sweepstake duties, private lotteries duty, casino tax and such other taxes as may be agreed between the Government and the Authority.

Agency fee is determined based on an agreement and is recognised over the period when the services have been rendered.

(b) Income from administration of government schemes

The Authority acts on behalf of the Government in the administration of various government schemes.

Income is determined based on an agreement and is recognised over the period when the administrative services have been rendered. The portion of income that is related to transactional services, if any, is recognised at the point in time when the services have been performed.

(c) Income from property valuation related services

The Authority performs property valuation related services for other Government Agencies and the public.

Income is recognised at the point in time when the services have been performed.

(d) Interest income

Interest income is recognised using the effective interest method.

(e) Rental income

Rental income from operating leases are recognised on a straight-line basis over the lease term.

2.12 Employee Benefits

(a) Defined benefit plan

Pensionable employees transferred from the Civil Service to the Authority when it was established on 1 September 1992 are entitled to pension benefits in accordance with the provisions of the Pensions Act (Cap. 225, 2004 Revised Edition). Pension liability attributable to the services rendered by these employees prior to the establishment of the Authority will be borne by the Government and is excluded from the Authority's provision of pension.

A pensionable employee may, at retirement, opt for pension to be paid monthly for his remaining lifetime, as a lump sum upon retirement or in a combination of both at a reduced rate.

Provision for pension and gratuities recognised in the Statement of Financial Position represents the present value of the pension obligations as at the financial year-end and is computed by the Authority annually based on the principal assumptions described in Note 16. Discount rates used are the yields as at the financial year-end on government bonds that have maturity dates approximating the tenure of the related pension obligations.

Current service costs of the pensionable employees and interest costs on the provision for pension obligations that arise from the passage of time are recognised in expenditure on manpower in the Statement of Comprehensive Income. Actuarial gains and losses arising from changes in principal assumptions are recognised in other comprehensive income.

(b) Defined contribution plan

Contributions are made to the Central Provident Fund (CPF) scheme as required by law. The CPF contributions are recognised as expenditure on manpower in the same period as the employment that gives rise to the contribution.

(c) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the financial year-end.

2.13 Leases

Policy applicable from 1 April 2019

At inception of a contract, the Authority assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Authority uses the definition of a lease in SB-FRS 116.

(a) Where the Authority is the lessor

At inception or on modification of a contract that contains a lease component, the Authority allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Authority acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Authority makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is classified as a finance lease; if not, then it is classified as an operating lease. As part of this assessment, the Authority considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

Generally, the accounting policies applicable to the Authority as a lessor in the comparative period were not different from SB-FRS 116.

(b) Where the Authority is the lessee

At commencement or on modification of a contract that contains a lease component, the Authority allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

The Authority recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Authority by the end of the lease term or the cost of the right-of-use asset reflects that the Authority will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate. In calculating the present value of lease payments, the Authority uses the incremental borrowing rate which is the cost of equity as defined under the Cost of Capital framework by the Ministry of Finance at the lease commencement date because the interest rate implicit in the lease is not readily determinable.

Lease payments included in the measurement of the lease liability comprise of fixed payments.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability using the effective interest method and by reducing the carrying amount to reflect the lease payments made. It is also remeasured when there is a change in future lease payments arising from the revision of fixed payments. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Authority presents its right-of-use assets within ‘property, plant and equipment’ (Note 4) and lease liabilities as ‘lease liabilities’ (Note 12) in the statement of financial position.

The Authority has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Authority recognises the lease payment associated with these leases as an expense on a straight-line basis over the lease term.

Policy applicable prior to 1 April 2019

(a) Where the Authority is the lessor

Leases where the Authority effectively retains substantially all the risks and rewards of ownership of the leased asset are classified as operating leases. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

(b) Where the Authority is the lessee

Leases where the lessor effectively retains substantially all the risks and rewards of ownership of the lease term are classified as operating leases. Operating lease payments are recognised as an expense in the Statement of Comprehensive Income on a straight-line basis over the lease term.

2.14 Government Grants

Government grants are recognised at their fair values where there is reasonable assurance that the Authority will comply with the conditions attaching to them and the grants will be received. When the grants relate to compensation for expenses incurred, they are recognised in the Statement of Comprehensive Income in the same periods in which the expenses are recognised. Where the grants relate to assets, the grants are recognised as deferred income in the Statement of Financial Position. The deferred income is recognised in the Statement of Comprehensive Income on a systematic basis over the periods necessary to match the depreciation and amortisation of the assets, or when the assets are disposed or written off.

2.15 New or Revised Accounting Standards Not Yet Effective

At the date of authorisation of these financial statements, the following amendments to SB-FRS (including its consequential amendments) that are relevant to the Authority were issued but not yet effective:

Effective for annual periods beginning on or after 1 January 2020
- Amendments to References to Conceptual Framework in SB-FRS Standards
- Amendments to SB-FRS 1 *Presentation of Financial Statements* and SB-FRS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*
- Amendments to SB-FRS 109 *Financial Instruments*, SB-FRS 39 *Financial Instruments: Recognition and Measurement* and SB-FRS 107 *Financial Instruments: Disclosures*
- Amendments to SB-FRS 116 *Leases*

The management expects that the adoption of the above amendments to SB-FRS will have no material impact on the financial statements in the year of initial application, from 1 April 2020.

3 SHARE CAPITAL

	FY2019/20 Number of shares (in ’000)	FY2019/20 S$’000	FY2018/19 Number of shares (in ’000)	FY2018/19 S$’000
As at 31 March	7,823	7,823	7,823	7,823

The shares are fully paid and are held by the Minister for Finance, a body incorporated by the Minister for Finance (Incorporation) Act (Cap. 183, 2014 Revised Edition). The shares have no par value.

4 PROPERTY, PLANT AND EQUIPMENT

4.1 Property, Plant and Equipment for FY2019/20

	Leasehold Land S$'000	Building S$'000	Building Systems & Improvements S$'000	Computer Hardware S$'000	Office Equipment S$'000	Furniture & Fittings S$'000	Motor Vehicles S$'000	Total S$'000
COST								
As at 1 April 2019	155,344	137,104	65,612	44,033	3,703	1,350	216	407,362
Recognition of right-of-use assets on initial application of SB-FRS 116	-	-	-	139,834	-	-	-	139,834
Adjusted balance as at 1 April 2019	155,344	137,104	65,612	183,867	3,703	1,350	216	547,196
Additions	-	-	39	4,322	89	18	-	4,468
Transfer from Development projects-in-progress (Note 6)	-	-	7,907	17,981	-	4	-	25,892
Disposals	-	-	(4,781)	(4,681)	(220)	(433)	(107)	(10,222)
As at 31 March 2020	155,344	137,104	68,777	201,489	3,572	939	109	567,334
ACCUMULATED DEPRECIATION								
As at 1 April 2019	39,866	63,282	53,830	37,654	3,633	1,347	216	199,828
Depreciation for the financial year	1,594	2,742	2,592	45,261	45	4	-	52,238
Disposals	-	-	(4,774)	(4,681)	(220)	(433)	(107)	(10,215)
As at 31 March 2020	41,460	66,024	51,648	78,234	3,458	918	109	241,851
NET BOOK VALUE								
As at 31 March 2020	113,884	71,080	17,129	123,255	114	21	0	325,483

4.2 Property, Plant and Equipment for FY2018/19

	Leasehold Land	Building	Building Systems & Improvements	Computer Hardware	Office Equipment	Furniture & Fittings	Motor Vehicles	Total
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
COST								
As at 1 April 2018	155,344	137,104	64,692	47,635	3,703	1,351	216	410,045
Additions	-	-	214	96	13	2	-	325
Transfer from Development projects-in-progress (Note 6)	-	-	827	2,492	8	-	-	3,327
Disposals	-	-	(121)	(6,190)	(21)	(3)	-	(6,335)
As at 31 March 2019	155,344	137,104	65,612	44,033	3,703	1,350	216	407,362
ACCUMULATED DEPRECIATION								
As at 1 April 2018	38,272	60,540	51,644	36,051	3,605	1,346	216	191,674
Depreciation for the financial year	1,594	2,742	2,307	7,793	49	4	-	14,489
Disposals	-	-	(121)	(6,190)	(21)	(3)	-	(6,335)
As at 31 March 2019	39,866	63,282	53,830	37,654	3,633	1,347	216	199,828
NET BOOK VALUE								
As at 31 March 2019	115,478	73,822	11,782	6,379	70	3	0	207,534

5 INTANGIBLE ASSETS

	Internally Developed S$'000	Acquired S$'000	Total S$'000
5.1 Intangible Assets for FY2019/20			
COST			
As at 1 April 2019	246,619	19,863	266,482
Additions	-	17	17
Transfer from Development projects-in-progress (Note 6)	7,047	372	7,419
Disposals	-	(325)	(325)
As at 31 March 2020	253,666	19,927	273,593
ACCUMULATED AMORTISATION			
As at 1 April 2019	228,663	16,930	245,593
Amortisation for the financial year	7,639	1,137	8,776
Disposals	-	(325)	(325)
As at 31 March 2020	236,302	17,742	254,044
NET BOOK VALUE			
As at 31 March 2020	17,364	2,185	19,549
5.2 Intangible Assets for FY2018/19			
COST			
As at 1 April 2018	241,390	17,290	258,680
Additions	-	2,973	2,973
Transfer from Development projects-in-progress (Note 6)	5,229	52	5,281
Disposals	-	(452)	(452)
As at 31 March 2019	246,619	19,863	266,482
ACCUMULATED AMORTISATION			
As at 1 April 2018	221,884	16,069	237,953
Amortisation for the financial year	6,779	1,313	8,092
Disposals	-	(452)	(452)
As at 31 March 2019	228,663	16,930	245,593
NET BOOK VALUE			
As at 31 March 2019	17,956	2,933	20,889

5.3 Intangible assets include the Inland Revenue Interactive Network, the Authority's core tax administration system, with a Net Book Value of S$8.4 million (FY2018/19: S$12.6 million) and a remaining amortisation period of up to 5 years (FY2018/19: 6 years).

6 DEVELOPMENT PROJECTS-IN-PROGRESS

	FY2019/20 S$'000	FY2018/19 S$'000
COST		
As at 1 April	11,210	6,925
Additions	32,025	12,893
Transfer to Property, plant and equipment (Note 4)	(25,892)	(3,327)
Transfer to Intangible assets (Note 5)	(7,419)	(5,281)
As at 31 March	9,924	11,210

7 OTHER NON-CURRENT ASSET

	FY2019/20 S$'000	FY2018/19 S$'000
COST		
As at 31 March	114	114
ACCUMULATED IMPAIRMENT LOSSES		
As at 31 March	(97)	(97)
ACCUMULATED DEPRECIATION		
As at 1 April	(8)	(4)
Depreciation for the financial year	(4)	(4)
As at 31 March	(12)	(8)
NET BOOK VALUE		
As at 31 March	5	9

As stated in Note 2.5, the Authority has adopted the approach to depreciate the net carrying amount of the asset as at 1 April 2017 amounting to S$17,600 on a straight-line basis over the remaining tenure of the membership.

8 FUNDS WITH FUND MANAGERS

	FY2019/20 S$'000	FY2018/19 S$'000
Unquoted unit trusts at fair value as at 31 March	467,712	401,696

The unquoted unit trusts are managed by two fund managers appointed under the Accountant-General's Department's Demand Aggregate Schemes for Fund Management Services.

During the financial year, the Authority invested S$60 million into a fund managed by fund managers. During the previous financial year, the Authority disposed of one of the funds managed by fund managers for cash consideration of S$131.3 million and reinvested S$130 million into another fund managed by fund managers.

The unquoted unit trusts are denominated in Singapore dollar.

9 TRADE AND OTHER RECEIVABLES

	FY2019/20 S$'000	FY2018/19 S$'000
Trade receivables	85,451	35,596
Other receivables	3,287	1,824
As at 31 March	88,738	37,420

Credit risk with respect to Trade and other receivables is limited as the receivables are mostly due from government entities and government-linked companies. These balances are unsecured, non-interest bearing and usually settled within 1 month from the invoice date and within credit terms granted to them.

10 CASH AND CASH EQUIVALENTS

	FY2019/20 S$'000	FY2018/19 S$'000
Deposits with Accountant-General's Department as at 31 March	124,184	167,497

Deposits are placed with Accountant-General's Department under the Whole-of-Government Centralised Liquidity Management for cost efficiency and better credit risk management. The effective interest rate of Cash and cash equivalents is 1.97% (FY2018/19: 1.90%) per annum.

11 TRADE AND OTHER PAYABLES

	FY2019/20 S$'000	FY2018/19 S$'000
Payables for employee benefits	45,599	45,036
Trade payables	14,351	16,647
Other accrual for operating and capital expenditure	27,617	15,385
As at 31 March	87,567	77,068

Trade and other payables are unsecured, non-interest bearing and usually paid within 1 month from the invoice date.

12 LEASES

Leases as lessee (SB-FRS 116)

The Authority leases data centre facilities. The leases typically run for a period of 5 years, with an option to renew the lease after that date. Previously, these leases were classified as operating leases under SB-FRS 17.

Extension options

The data centre facilities leases contain extension options exercisable by the Authority for up to an additional 10 years. The Authority assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Authority reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

As at 31 March 2020, potential future (undiscounted) cash outflows of approximately S$319.9 million have not been included in lease liabilities because it is not reasonably certain that the leases will be extended.

Information about leases for which the Authority is a lessee is presented below.

Net book value of Right-of-use assets

	Computer hardware FY2019/20 S$'000
As at 1 April	139,834
Additions	4,234
Depreciation charge for the year	(35,142)
As at 31 March	108,926

Carrying amount of Lease liabilities

	Lease liabilities FY2019/20 S$'000
As at 1 April	139,834
Additions	4,234
Interest expenses on lease liabilities	4,025
Changes from financing cash flows:	
Repayment of lease liabilities	(30,505)
Interest paid	(3,678)
As at 31 March	113,910
Amount payable within 1 year	38,851
Amount payable after 1 year	75,059

Amount recognised in profit or loss

	S$'000
FY2019/20 – Leases under SB-FRS 116	
Interest expenses on lease liabilities	4,025
Expenses relating to short-term leases	374
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	1,818
FY2018/19 – Operating lease under SB-FRS 17	
Lease expense	34,611

Amount recognised in statement of cash flows

	FY2019/20 S$'000
Total cash outflow for leases	36,332

Leases for which the Authority is a lessor

The Authority leases out part of its office building. The Authority has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

13 DEFERRED INCOME

The deferred income pertains to grants from the Ministry of Health for the development of computer software and grants receivable for property tax rebate which was announced in the Resilience Budget on 26 March 2020.

	FY2019/20 S$'000	FY2018/19 S$'000
As at 1 April	2,931	2,937
Grant related to Development projects-in-progress	-	9
Grant related to Intangible assets	-	402
Grant related to Property tax rebate	1,085	-
Less: Recognised in profit or loss during the financial year	(666)	(417)
As at 31 March	3,350	2,931
Amount to be recognised within 1 year	1,257	417
Amount to be recognised after 1 year	2,093	2,514

14 CONTRIBUTION TO GOVERNMENT CONSOLIDATED FUND

The contribution to the Government Consolidated Fund is in accordance with section 3(a) of the Statutory Corporations (Contributions to Consolidated Fund) Act (Cap. 319A, 2004 Revised Edition). Under this Act, the Minister for Finance has the authority to prescribe the contributions to be made by the Statutory Boards in respect of their annual accounting surplus as well as their past accumulated surplus in lieu of income tax. The contribution rate and the framework governing such contributions are determined by the Ministry of Finance.

The contribution is based on 17% (FY2018/19: 17%) of the surplus, excluding Other comprehensive income, for the financial year.

15 PROVISION FOR UNUTILISED LEAVE

	FY2019/20 S$'000	**FY2018/19 S$'000**
As at 1 April	11,285	11,298
Net provision made / (written back) during the financial year	655	(13)
As at 31 March	11,940	11,285

16 PROVISION FOR PENSION AND GRATUITIES

	FY2019/20 S$'000	**FY2018/19 S$'000**
As at 1 April	20,246	22,068
Charged to expenditure on Manpower:		
Current service costs	34	12
Interest costs	459	501
Actuarial loss charged to Other comprehensive income:		
From changes in demographic assumptions	127	303
From changes in financial assumptions	1,185	364
	22,051	23,248
Amount paid during the financial year	(2,841)	(3,002)
As at 31 March	19,210	20,246
Amount payable within 1 year	1,053	1,463
Amount payable after 1 year	18,157	18,783

The principal assumptions used in determining the Authority's pension obligations are:

(a) pensionable employees will retire at the age of 62 and opt for pension to be paid as a lump sum upon retirement;

(b) the discount rates for determining present value of lump sum due to pensionable employees range from 0.76% to 0.99% (FY2018/19: 1.92% to 1.93%) per annum, depending on the tenure of the related pension obligations, and 1.61% (FY2018/19: 2.38%) per annum for pensions due to pensioners who opted for monthly pensions;

(c) the estimated future salary increases range from 0% to 9.50% (FY2018/19: 0% to 17.90%); and

(d) the life expectancy for male and female pensioners range from 81.0 to 84.3 years (FY2018/19: 80.7 to 84.1 years) and 85.4 to 87.6 years (FY2018/19: 85.2 to 87.5 years) respectively.

If the discount rates change by 50 basis points with all other assumptions remaining constant, the impact on the Authority's pension liability as at 31 March will be as follows:

	FY2019/20 S$'000	**FY2018/19 S$'000**
+50 basis points	(794)	(810)
–50 basis points	844	861

If the life expectancy for male and female change by 0.3 year with all other assumptions remaining constant, the impact on the Authority's pension liability as at 31 March will be as follows:

	FY2019/20 S$'000	**FY2018/19 S$'000**
+0.3 year	292	252
–0.3 year	(294)	(254)

Included in the balance as at 31 March is provision set aside for key management personnel as follows:

	FY2019/20 S$'000	**FY2018/19 S$'000**
Key management personnel	-	1,410

17 OPERATING INCOME

	FY2019/20 S$'000	FY2018/19 S$'000
(a) Disaggregation of Revenue		
Types of services		
Agency fee from tax administration	469,054	450,974
Income from administration of government schemes	16,867	14,904
Income from property valuation related services	3,961	4,752
Others	1,840	2,212
	491,722	472,842
Timing of recognition		
Over time	473,013	455,119
At a point in time	18,709	17,723
	491,722	472,842
(b) Rental income	18,013	19,382
	509,735	492,224

18 MANPOWER

Included in the expenditure on Manpower is the following:

	FY2019/20 S$'000	FY2018/19 S$'000
CPF contributions for staff	28,075	27,532

19 SERVICE AND LEASE EXPENSES

Included in the expenditure on services and leases are the following:

	FY2019/20 S$'000	FY2018/19 S$'000
Data centre leasing charges	359	32,831
Infocomm technology outsourcing charges	26,698	30,478
Data centre operation charges	7,921	10,732
Computer equipment leasing charges	1,833	1,780
Audit fees:		
Audit of agency accounts	714	714
Audit of corporate accounts	376	376
Board members' allowances	207	203

20 PROPERTY TAX

	FY2019/20 S$'000	FY2018/19 S$'000
Property tax for the financial year	4,487	4,240
Property tax rebate	(248)	-
	4,239	4,240

The property tax rebate arose from the remission given by the Singapore Government under Section 6(8) of the Property Tax Act (Cap. 254) as part of the Resilience Budget announced on 26 March 2020.

21 NET INVESTMENT INCOME

	FY2019/20 S$'000	FY2018/19 S$'000
Income from Funds with fund managers:		
Fair value gain	6,016	5,943
Investment expenses	(10)	(40)
	6,006	5,903
Interest income:		
Deposits with Accountant-General's Department	2,765	2,361
Net investment income	8,771	8,264

Included in the fair value gain are gains arising from price movements of unquoted unit trusts classified as financial assets measured at fair value through profit or loss.

22 DIVIDENDS

	FY2019/20 S$'000	FY2018/19 S$'000
Dividend paid in respect of the previous financial year	15,259	783

The dividend of S$15,259,000 (FY2018/19: S$783,000) was made in accordance with the Capital Management Framework for Statutory Boards outlined in Finance Circular Minute No. M26/2008.

23 COMMITMENTS

23.1 Capital Commitments

Capital expenditure approved and contracted for by the Authority as at the financial year-end but not recognised in the financial statements are as follows:

	FY2019/20 S$'000	FY2018/19 S$'000
Development Projects approved and contracted for	51,338	31,675
Intangible Assets approved and contracted for	23	-
	51,361	31,675

23.2 Operating Lease Commitments – where the Authority is the lessor

The future minimum lease receivables under non-cancellable operating leases contracted for at the financial year-end but not recognised as receivables, are as follows:

	FY2019/20 S$'000	FY2018/19 S$'000
Related parties		
- Not later than 1 year	87	6,309
- Later than 1 year but not later than 5 years	-	87
Non-related parties		
- Not later than 1 year	384	548
- Later than 1 year but not later than 5 years	-	384
	471	7,328

The amounts disclosed for FY2019/20 are based on SB-FRS 116 while those for FY2018/19 are based on SB-FRS 17.

The Authority leased part of its office building to tenants under operating leases. The leases typically run for a period of 1 to 3 years, with an option to renew the lease on expiry. None of the leases include contingent rental.

23.3 Lease Commitments – where the Authority is the lessee

With the adoption of SB-FRS 116 in FY2019/20, the Authority's lease commitments relating to data centre facilities have been recognised as lease liabilities. As at 31 March 2020, the future minimum lease payable under non-cancellable leases contracted for at the financial year-end but not recognised as lease liabilities due to the use of practical expedients, are as follows:

	FY2019/20 S$'000
Not later than 1 year	1,577
Later than 1 year but not later than 5 years	721
	2,298

As at 31 March 2019, the future minimum lease payable under non-cancellable lease contracted for at the financial year-end but not recognised as lease liabilities, are as follows:

	FY2018/19 S$'000
Not later than 1 year	38,545
Later than 1 year but not later than 5 years	113,846
	152,391

24 TAX ACADEMY OF SINGAPORE

The Authority incorporated the Tax Academy of Singapore (the Academy) on 2 August 2006 as a company limited by guarantee to an amount not exceeding S$1.00, and is the sole member of the Academy. The principal objects of the Academy are to promote education, research and information exchange in the field of taxation and other related fields of knowledge, for the purposes of educating the public, raising the overall competency of tax professionals for the benefit of the public and raising the vibrancy of the tax community in Singapore or elsewhere, providing taxation-related training for policymakers and tax administrators in Singapore and abroad, and serving as a strategic tool for engagement with foreign tax officials from the region.

The financial transactions of the Academy, a subsidiary of the Authority, are not consolidated as they are immaterial. The summarised financial information of the Academy, audited by Crowe Horwath First Trust LLP, are as follows:

	FY2019/20 S$'000	FY2018/19 S$'000
Assets	4,055	3,161
Liabilities	1,008	372
Revenue	2,044	1,935
Total comprehensive income	259	75

25 RELATED PARTY TRANSACTIONS

25.1 Significant Related Party Transactions

In addition to the information disclosed elsewhere in the financial statements, the significant transactions that took place between the Authority and related parties on terms agreed between the parties during the financial year are as follows:

	FY2019/20 S$'000	FY2018/19 S$'000
Ministry of Finance		
- Agency fee income	469,054	450,974
- Rental income	6,864	7,285
- Reimbursement of service costs incurred	3,414	3,304
- Procurement of services	(9,338)	(8,422)
Other Ministries and Statutory Boards		
- Rental income	7,014	9,121
- Other income	6,048	6,910
- Procurement of services	(8,417)	(8,530)

25.2 Significant Related Party Account Balances

In addition to the information disclosed elsewhere in the financial statements, the significant account balances as at 31 March that the Authority has in relation to related parties are as follows:

	FY2019/20 S$'000	FY2018/19 S$'000
Ministry of Finance		
- Trade receivables	82,436	30,438
Other Ministries and Statutory Boards		
- Trade payables	(994)	(813)
- Other accruals for operating and capital expenditure	(580)	(812)

25.3 Key Management Personnel Compensation

Key management personnel compensation during the financial year is as follows:

	FY2019/20 S$'000	FY2018/19 S$'000
Salaries and other short-term employee benefits	8,849	9,222
CPF contribution	368	338
Post-employment benefits	-	54
Other long-term benefits	3	4
	9,220	9,618

The Commissioner of Inland Revenue/Chief Executive Officer, Deputy Commissioners, Assistant Commissioners, and Chief Legal Officer are considered as key management personnel.

26 FINANCIAL RISK MANAGEMENT

The Authority's activities expose it to interest rate risk, currency risk, price risk, credit risk, liquidity risk and capital risk. The Authority's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Authority's financial performance. The Authority invests its surplus funds to meet future capital replacements. To meet this objective, the Authority seeks to achieve capital preservation and optimise investment returns at acceptable risk levels through adequate risk diversification.

The funds are placed in unit trusts that are managed by the fund managers appointed under the Accountant-General's Department's Demand Aggregate Schemes for Fund Management Services. The appointed fund managers are given discretion in managing the funds, subject to the investment guidelines set out in the tender specifications of the scheme. The Authority's investment policies are approved by the Board.

26.1 Interest Rate Risk

The exposure to risk of changes in interest rates relates primarily to interest-bearing assets and deposits with Accountant-General's Department (AGD). The interest rates are based on deposit rates determined by the financial institutions with which the cash are deposited and are expected to move in tandem with market interest rate movements.

The Authority does not have any significant exposure to interest rate risk as at the financial year-end.

26.2 Currency Risk

The Authority is not exposed to significant foreign currency risk as the monetary assets and liabilities of the Authority are denominated primarily in Singapore dollars.

26.3 Price Risk

The Authority is exposed to price risk arising from the investments in unit trusts. The price risk is the potential loss in fair value resulting from the decrease in the net asset value of the unit trusts.

If prices of the unit trusts change by 5% with all other variables remaining constant, the impact on the Authority's surplus for the financial year will be as follows:

	FY2019/20 S$'000	**FY2018/19 S$'000**
+5%	23,386	20,085
–5%	(23,386)	(20,085)

26.4 Credit Risk

The Authority's exposure to credit risk arises from deposits with AGD, trade and other receivables and funds with fund managers. The maximum exposure at the end of the financial year is the carrying amount of these assets as indicated.

Credit risks on trade and other receivables are disclosed in Note 9. Deposits with AGD are placed with high credit quality financial institutions. Funds for investments are placed in unit trusts that are managed by licensed and reputable fund managers.

Based on an assessment of qualitative and quantitative factors that are indicative of the risk of default, the exposure to credit risk arising from deposits with AGD, and Trade and other receivables are low. Therefore, the Authority determined that no impairment allowance is necessary.

26.5 Liquidity Risk

In the management of liquidity risk, the Authority monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Authority's operations. The funds placed in unit trusts can be liquidated readily when required. The following table presents the Authority's exposure to liquidity risk:

Exposure to liquidity risk

	Carrying Amount S$'000	Contractual cash flows S$'000	1 year or less S$'000	1-5 years S$'000
31 March 2020				
Non-derivative financial liabilities				
Trade and other payables	87,567	87,567	87,567	-
Lease liabilities	113,910	119,461	41,816	77,645
31 March 2019				
Non-derivative financial liabilities				
Trade and other payables	77,068	77,068	77,068	-

26.6 Capital Risk

The Authority manages its capital to ensure it will be able to continue as a going concern while fulfilling its objective as a statutory board. The capital structure of the Authority consists of share capital and accumulated surplus. There were no changes in the capital management approach during the financial year. The Authority is not subject to externally imposed capital requirements, except for the Capital Management Framework for Statutory Boards outlined in Finance Circular Minute No. M26/2008.

26.7 Fair Value Measurements

The carrying amounts of current financial assets and liabilities carried at amortised cost approximate their respective fair value due to the relative short term maturity.

The Authority measures fair value of its financial assets using the following fair value hierarchy that reflects the significance of the inputs used in the measurements:

(a) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
(b) Level 2: valuation techniques based on observable inputs, either directly (that is, as prices) or indirectly (that is, derived from prices); and
(c) Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

In infrequent circumstances where a valuation technique for financial instruments is based on significant unobservable inputs, such instruments will be included in Level 3.

The following table presents the financial assets measured at fair value and classified by level of fair value measurement hierarchy:

	Level 1 S$'000	Level 2 S$'000	Level 3 S$'000	Total S$'000
Unquoted unit trusts at fair value				
As at 31 March 2020	-	467,712	-	467,712
As at 31 March 2019	-	401,696	-	401,696

The fair values of the unquoted unit trusts are derived based on the valuations obtained from fund managers.

There were no transfers between the levels during the financial year.

27 AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements were authorised for issue by the Board of the Authority on 24 July 2020.